

SECOND REGULAR SESSION
HOUSE COMMITTEE SUBSTITUTE FOR
HOUSE BILL NO. 1716
103RD GENERAL ASSEMBLY

4077H.03C

JOSEPH ENGLER, Chief Clerk

AN ACT

To amend chapter 620, RSMo, by adding thereto seven new sections relating to rural workforce housing, with a penalty provision.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Chapter 620, RSMo, is amended by adding thereto seven new sections, to
2 be known as sections 620.2030, 620.2032, 620.2034, 620.2035, 620.2036, 620.2038, and
3 620.2040, to read as follows:

**620.2030. 1. Sections 620.2030 to 620.2040 shall be known and may be cited as
2 the "Rural Workforce Housing Investment Act".**

3 2. For purposes of sections 620.2030 to 620.2040, the following terms mean:

4 (1) "Department", the department of economic development;

5 (2) "Director", the director of the department of economic development;

6 (3) "Eligible activities of a nonprofit development organization":

**7 (a) New construction of owner-occupied or rental housing in a community with
8 demonstrated workforce housing needs;**

9 (b) Substantial repair or rehabilitation of dilapidated housing stock; or

10 (c) Upper-story housing development;

**11 (4) "Matching funds", moneys contributed by individuals, businesses,
12 foundations, local and regional political subdivisions, or other nonprofit organizations
13 to be administered by a nonprofit development organization;**

**14 (5) "Nonprofit development organization", a regional or statewide nonprofit
15 development organization approved by the director;**

**16 (6) "Qualified activities", include, but are not limited to, purchase and rental
17 guarantees, loan guarantees, loan participations, and other credit enhancements, or any**

EXPLANATION — Matter enclosed in bold-faced brackets ~~thus~~ in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

18 other form of assistance designed to reduce the cost of workforce housing related to
19 eligible activities of the nonprofit development organization;

20 (7) "Qualified investment", a cash investment in a workforce housing
21 investment fund administered by a nonprofit development organization;

22 (8) "Rural community", any city or county with a population of fewer than fifty
23 thousand inhabitants as determined by the most recent federal decennial census;

24 (9) "Workforce housing":

25 (a) Housing that meets the needs of modern working families;

26 (b) Housing that is attractive to new residents considering relocation to a rural
27 community;

28 (c) Owner-occupied housing units that cost not more than two hundred seventy-
29 five thousand dollars per unit to construct or rental housing units that cost not more
30 than two hundred thousand dollars per unit to construct. For purposes of this
31 subdivision, housing unit costs shall be updated annually by the department based upon
32 the most recent increase or decrease in the Producer Price Index for all commodities,
33 published by the United States Department of Labor, Bureau of Labor Statistics;

34 (d) Owner-occupied and rental housing units for which the cost to substantially
35 rehabilitate exceeds fifty percent of a unit's assessed value;

36 (e) Upper-story housing; and

37 (f) Housing that does not receive federal or state low-income housing tax credits,
38 community development block grants, or loans or grants from the Missouri housing
39 trust fund under section 215.034;

40 (10) "Workforce housing investment fund", a fund that has been created by a
41 nonprofit development organization and certified by the department to encourage
42 development of workforce housing in rural communities.

620.2032. 1. There shall be established within the department of economic
2 development a workforce housing grant program to foster and support the development
3 of workforce housing in rural communities.

4 2. A nonprofit development organization may apply to the department for
5 approval of a workforce housing grant for the creation of a workforce housing
6 investment fund. The application shall be in a form and manner prescribed by the
7 director. Through fiscal year 2029, grants shall be awarded by the director on a
8 competitive basis until grant moneys are no longer available. Grant maximums shall
9 not exceed one million dollars to any one nonprofit development organization over a
10 two-year period, with no more than two million dollars cumulative for any single
11 grantee through fiscal year 2029. Grants shall require a minimum four-to-one in

12 **matching moneys to be considered a qualified grant application. Unallocated workforce**
13 **housing grant moneys held by the department shall be rolled to the next program year.**

14 **3. Grants shall be awarded based upon:**

15 **(1) A demonstrated and ongoing housing need as identified by a recent housing**
16 **study;**

17 **(2) A community or region that has a low unemployment rate and is having**
18 **difficulty attracting workers and filling employment positions;**

19 **(3) A community or region that exhibits a demonstrated commitment to growing**
20 **its housing stock;**

21 **(4) Projects that can reasonably be ready for occupancy in a period of twenty-**
22 **four months; and**

23 **(5) A demonstrated ability to grow and manage a workforce housing investment**
24 **fund.**

25 **4. A workforce housing investment fund shall be required to receive annual**
26 **certification from the department.**

27 **5. A nonprofit development organization shall:**

28 **(1) Invest or intend to invest in workforce housing eligible activities;**

29 **(2) Use any fees, interest, loan repayments, or other moneys it receives as a result**
30 **of the administration of the grant to support qualified activities; and**

31 **(3) Have an active board of directors with expertise in development,**
32 **construction, and finance that meets at least quarterly to approve all qualified**
33 **investments made by the nonprofit development organization. A nonprofit development**
34 **organization shall have a formal plan and proven expertise to invest unused workforce**
35 **housing investment fund balances and shall have an annual audit of all financial records**
36 **conducted by an independent certified public accountant.**

620.2034. 1. There is hereby created in the state treasury the "Rural Workforce
2 **Housing Investment Fund", which shall consist of moneys appropriated to the fund by**
3 **the general assembly. The state treasurer shall be custodian of the fund. In accordance**
4 **with sections 30.170 and 30.180, the state treasurer may approve disbursements. The**
5 **fund shall be a dedicated fund and, upon appropriation, moneys in this fund shall be**
6 **used solely as provided in sections 620.2030 to 620.2040. The department shall**
7 **administer the fund and may seek additional private funds, nonstate funds, or funds**
8 **from other interested parties to use in the workforce housing grant program.**

9 **2. Notwithstanding any other provisions of law to the contrary, any moneys**
10 **remaining in the fund at the end of the biennium shall not revert to the credit of the**
11 **general revenue fund.**

12 **3. The state treasurer shall invest moneys in the fund in the same manner as**
13 **other funds are invested. Any interest and moneys earned on such investments shall be**
14 **credited to the fund.**

620.2035. 1. If a nonprofit development organization fails to engage in the initial
2 **qualified activity within twenty-four months after receiving initial grant funding, the**
3 **nonprofit development organization shall return the grant moneys to the department**
4 **for credit to the rural workforce housing investment fund established under section**
5 **620.2034.**

6 **2. If a nonprofit development organization fails to allocate any remaining initial**
7 **grant funding on a qualified activity within twenty-four months after engaging in the**
8 **initial qualified activity, the nonprofit development organization shall return such**
9 **unallocated grant fund moneys to the department for credit to the rural workforce**
10 **housing investment fund established under section 620.2034.**

11 **3. The director shall have discretion to transfer any unused moneys to any**
12 **qualifying trust or fund before August 28, 2031. Beginning August 28, 2031, any moneys**
13 **held by the department and not designated by the director to be disbursed to an**
14 **alternative trust or fund shall be transferred to the Missouri housing trust fund**
15 **established under section 215.034.**

620.2036. 1. Each nonprofit development organization shall submit an annual
2 **status report to the director. The report shall certify that the nonprofit development**
3 **organization meets the requirements of sections 620.2030 to 620.2040 and shall include a**
4 **breakdown of program activities.**

5 **2. The annual report shall include, but not be limited to:**

6 **(1) The name and geographical location of the reporting nonprofit development**
7 **organization;**

8 **(2) The number, amount, and type of workforce housing investment funds**
9 **invested in qualified activities;**

10 **(3) The number, geographical location, type, and amount of investments made;**

11 **(4) A summary of matching funds and where such matching funds were**
12 **generated; and**

13 **(5) The results of the annual audit required under subsection 5 of section**
14 **620.2032.**

15 **3. If a nonprofit development organization ceases administration of a workforce**
16 **housing investment fund, it shall file a final report with the director in a form and**
17 **manner required by the director. Before August 28, 2031, any unallocated grant moneys**
18 **shall be returned to the department for credit to the rural workforce housing investment**
19 **fund. Beginning August 28, 2031, any unallocated grant moneys shall be returned to the**

20 department for credit to the rural workforce housing investment fund established under
21 section 620.2034.

22 4. If a nonprofit development organization fails to file a complete annual report
23 by February fifteenth, the director may, in his or her discretion, impose a civil penalty of
24 not more than five thousand dollars for such violation. All moneys collected by the
25 department under this subsection shall be remitted to the state treasurer for distribution
26 in accordance with Article IX, Section 7 of the Constitution of Missouri.

620.2038. 1. The department shall use its best efforts to ensure that grant
2 moneys awarded to nonprofit development organizations are targeted to the geographic
3 communities or regions with the most pressing economic and employment needs.

4 2. The department shall use its best efforts to ensure that the allocation of grant
5 moneys provides equitable access to the benefits provided by sections 620.2030 to
6 620.2040 to all eligible geographical areas.

7 3. The department may contract with a statewide public or private nonprofit
8 organization that shall serve as agent for the department to help carry out the purposes
9 and requirements of sections 620.2030 to 620.2040. The department or its agent shall
10 use for expenses only that portion of the moneys available for the workforce housing
11 grant program through the rural workforce housing investment fund necessary to cover
12 the actual costs of administering the program including, but not limited to, the hiring of
13 staff.

620.2040. 1. The department shall submit an annual status report to the general
2 assembly and the governor that includes, but is not limited to:

3 (1) The number and geographical location of nonprofit development
4 organizations establishing workforce housing investment funds;

5 (2) The number, amount, and type of workforce housing investment funds
6 invested in qualified activities; and

7 (3) The number, geographical location, type, and amount of investments made
8 by each nonprofit development organization.

9 2. The report to the general assembly shall be submitted electronically.

10 3. Information received, developed, created, or otherwise maintained by the
11 department in administering and enforcing sections 620.2030 to 620.2040, other than
12 information required to be included in the report to be submitted by the department to
13 the governor and the general assembly under this section, may be deemed confidential
14 by the department and not considered public records subject to disclosure under
15 chapter 610.

16 4. The director may promulgate all necessary rules and regulations for the
17 administration of sections 620.2030 to 620.2040. Any rule or portion of a rule, as that

18 **term is defined in section 536.010, that is created under the authority delegated in this**
19 **section shall become effective only if it complies with and is subject to all of the**
20 **provisions of chapter 536 and, if applicable, section 536.028. This section and chapter**
21 **536 are nonseverable and if any of the powers vested with the general assembly**
22 **pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul**
23 **a rule are subsequently held unconstitutional, then the grant of rulemaking authority**
24 **and any rule proposed or adopted after August 28, 2026, shall be invalid and void.**

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